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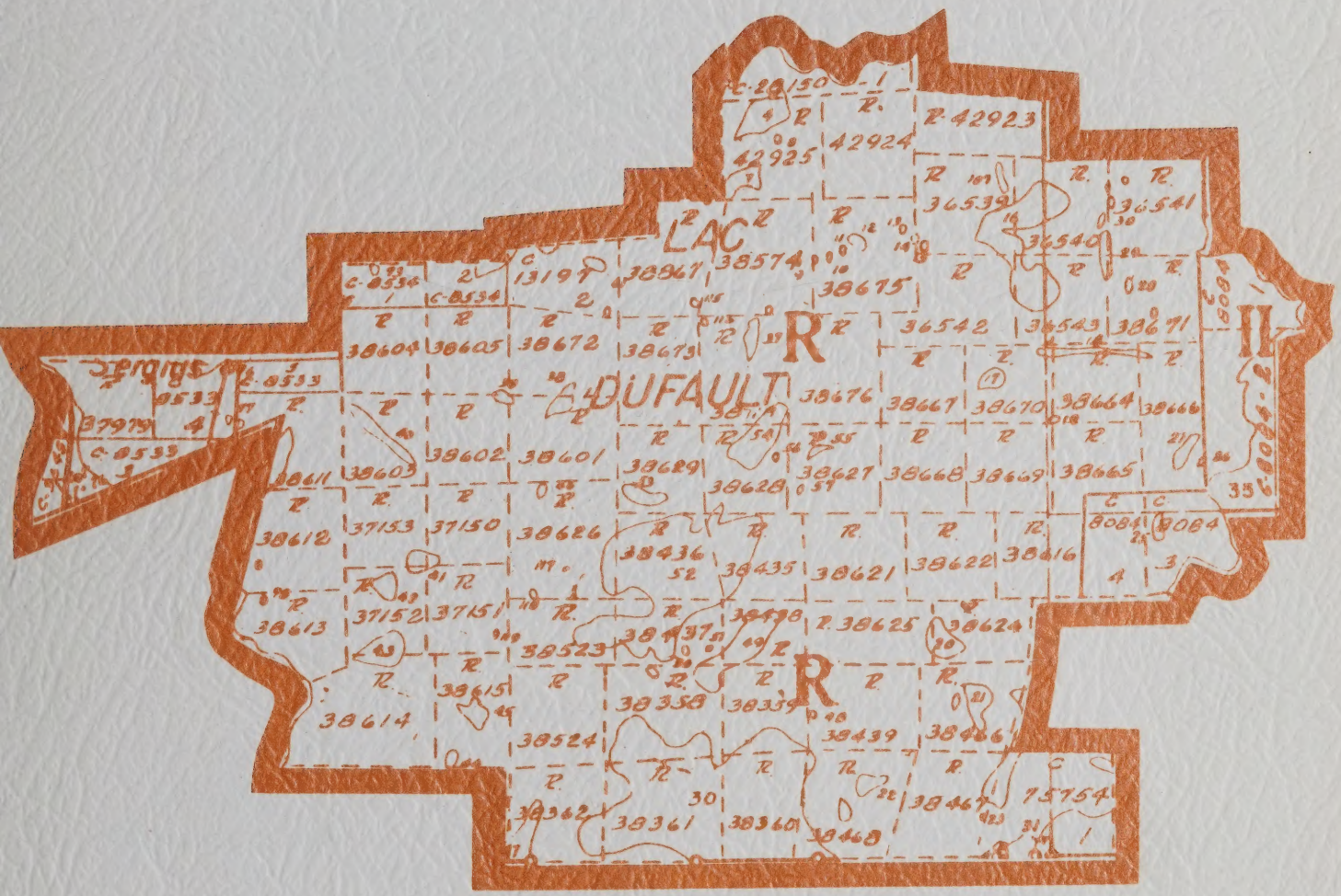
NEW INSCO MINES LTD.

(NO PERSONAL LIABILITY)



ANNUAL REPORT

1970

NEW INSCO MINES LTD.
(NO PERSONAL LIABILITY)

President
JOHN R. CAMPBELL, Q.C.

Vice - President, Explorations
GEORGE F. ARCHIBALD, MSc.

Managing Director
H. DOUGLAS HUME

Director
D. D. THOMSON

Director
ROBERT W. V. PURVES

Secretary
JAMES WILSON

Treasurer
MRS. R. MANHIRE

HEAD OFFICE:
C/O LAFLEUR & BROWN
800 VICTORIA SQUARE,
MONTREAL 115, QUEBEC

EXECUTIVE OFFICE:
SUITE 1200
8 KING STREET EAST,
TORONTO 210, ONTARIO

TRANSFER AGENT
CANADA PERMANENT TRUST COMPANY
600 DORCHESTER BOULEVARD
MONTREAL 101, QUEBEC

NEW
INSCO MINES LTD.
(No Personal Liability)

February 17, 1971.

To The Shareholders:

Your directors submit herewith the Annual Report of the Company together with Balance Sheet, Statement Of Deferred Exploration and Development Expenditures, Statement of Source and Application of Funds, and Auditors' Report for the fiscal year ended September 30th, 1970, and the preceding three years, as well as a Proxy Statement and Information Circular, Instrument of Proxy and Notice of Combined Special and Annual General Meeting of Shareholders to be held in Montreal, on March 9th, 1971.

During the period that the Company's large property in Dufresnoy Township, in the Noranda district, was under option to David Baird and Coulee Lead and Zinc Mines Ltd., the Company has been inactive. The optionees completed geophysical surveys on part of the property and seven drill holes totalling 5073 feet of core. Results indicated widespread distribution of disseminated sulphides. This option terminated June 30th, 1970, and all mining rights in the property have reverted to your Company.

Management control of the Company changed late in 1970, and your new officers and directors are listed in the Proxy Statement and Information Circular. Cash advances amounting to $10,000 by Shareholders to the Company have provided funds to maintain the Company and its properties in good standing. The Shareholders to whom the Company is indebted have agreed to accept shares in payment thereof and since three of the present directors are directly involved in this transaction, the Shareholders are being asked to authorize the issuance of one hundred thousand (100,000) shares in satisfaction of the debt.

Your Company, through development licences, holds a large well located mining prospect in the Noranda-Rouyn mining area. The property (see map herein and cover montage) consists of seventy-five (75) contiguous claims comprising 3,234 acres. Exploration since 1938 has provided assessment credit for many years in the future, and the property can be maintained in good standing by payment of the mining taxes. Your directors consider this property to be very valuable with considerable exploration potential notwithstanding the amount of development work completed to date.

George F. Archibald, M. Sc., a consulting geologist, is a new director, and has been appointed Vice-President, Explorations, of the Company. Mr. Archibald has intimate knowledge of the Noranda area geology and is thoroughly conversant with the latest theories on how these ore deposits were formed and how they can be discovered. He was a member of the Falconbridge Nickel Mines Ltd. team which discovered the Delbridge (D'Eldona) Mines Ltd., No. 2 Massive Sulphide deposit. Mr. Archibald has been reappraising old drilling records and examining core and his brief conceptual report is included herewith.

It is the intention of present management to conduct an extensive exploration program on the Company's property under the direction of Mr. Archibald. Other properties of merit will be examined and, if worthwhile, acquired for exploration. Efforts will be made to have the Company's shares listed on one or more of the Canadian stock exchanges to ensure access to venture capital. We believe such funds can be raised by the sale of treasury

shares to provide working capital for exploration, development and acquisitions. To meet this objective we are recommending to the Shareholders, an increase in the authorized share capital from 3,000,000 shares to 7,500,000 shares, which proposal is fully described in the Proxy Statement and Information Circular.

The Directors would like to recognize the valuable contributions to the Company of Mrs. Ruby Manhire, the Treasurer, and Mr. Claude England, our property supervisor at Lake Dufault, for consciencious services over many years in maintaining the records and assets of the Company, and we are very pleased that they will both be continuing their association with the Company.

New ore discoveries in the Noranda area as a result of new concepts on the genesis of the Noranda type sulphide deposits opens up exciting possibilities for the discovery of rich mineral deposits on our property. Your directors and officers are knowledgeable and experienced and share an optimistic outlook for a successful and rewarding future for your Company. With the advent of this new year, the Shareholders will be assured of an imaginative, broad and vigorous exploratory effort.

Respectfully submitted,

On Behalf of the Board

H. Douglas Hume,
Managing Director.

GEOLOGICAL ASSESSMENT

The Noranda mining district is one of the most productive and geologically interesting areas of the Canadian Precambrian Shield. Since production commenced in 1927, over 83 million tons of ore has been produced from twelve mines. New discoveries have been consistent over the years; Delbridge, one of the latest has just started production; Lake Dufault Mines announced yet another new discovery of rich mineralization in July, 1970. Within the last ten years, following the discovery of Vauze, Lake Dufault, and the Delbridge ore bodies, new information and new thinking by geologists has altered and advanced theories regarding the genesis of the Noranda type sulphide deposits.

It now appears that these ore deposits formed during a quiescent stage of the original volcanism on or near the then existing surface. The deposits are all situated at or near favourable contacts consisting of rhyolite breccias and overlying andesite, within rhyolite breccias, or rhyolite breccias and porphyritic rhyolites. Bedding in associated cherts, and pillow structures indicates the deposits were precipitated in a submarine environment around a volcanic feeder system through which mineralising solutions passed and about which disseminated and massive sulphides are deposited.

SALIENT FEATURES OF NEW INSCO PROPERTY

From the regional geological setting, studies of records and diamond drill information, the following important features are revealed:

1. The accompanying map shows very clearly that this large property is favourably located with respect to the majority of ore bodies in the Noranda mining district.

2. Rock types, mineralization and geological structures on the New Insco property are analogous with geological environments of known ore bodies in the area.

3. The prolific Amulet Rhyolite contact on which are found many important ore bodies including the Lake Dufault Millenbach deposit less than 4000 feet west of our west boundary, dips into the New Insco property, at depths regarded today to be economically attainable.

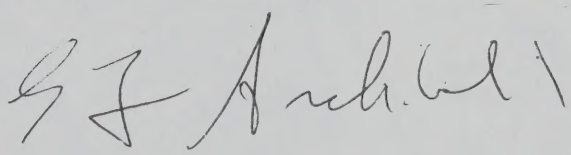
4. The major ore deposits in the Amulet-Waite-Vauze area lie at or near rectilineal lineaments. Several such lineaments appear to exist on the New Insco property.

5. Large areas of the property are totally unexplored and even in more extensively drilled areas drill hole spacing is frequently on 400 to 800 foot centres - - - sufficient to straddle many a Lake Dufault sized (300' x 400') ore body.

6. Much of the drill core from earlier drilling programs has been preserved and is available for modern geochemical studies and statistical analysis. Such studies have been effective in locating new ore deposits in the Noranda district and elsewhere.

Present and future rapid technological changes in the field of Earth Sciences have and will open new vistas that enhance the possibilities of developing new mines on well located properties in proven mining camps.

Respectfully submitted,



George F. Archibald, M. Sc.,
Vice-President, Explorations.

ROUYN-NORANDA AREA— MINERAL DEPOSITS MAP

LEGEND

GEOLOGICAL BASE (ADAPTED FROM MAP M-265)

LATE PRECAMBRIAN

Diabase dikes

12 — Graywacke, argillite, conglomerate (COBALT Group)

EARLY PRECAMBRIAN

11 — Granite, granodiorite

10 — Syenite

9 — Porphyritic felsic rocks

8 — Diorite, gabbro

7 — Peridotite

5 | 6 — Conglomerate, graywacke (Temiscaming type)

4 — Mica schist (PONTIAC Group)

3 — Tuff, agglomerate

2 — Siliceous lava and breccia

1 — Intermediate and mafic lavas

SYMBOLS

Fault, shear zone

a a a b — Strike, dip and top of formations: (a) upright, (b) overturned

a b — (a) Anticlinal axis, (b) synclinal axis

ECONOMIC VALUE

30.0¢/lb Cu
12.5¢/lb Zn
12.5¢/lb Pb
$35./oz Au
$1./oz Ag

Taking as nominal values the figures indicated at left, the concentrations are said to be of:

1st order — if the total value of reserves and production is greater than $100 million

2nd order — if.... greater than $2.5 million and less than $100 million

3rd order — if.... less than $2.5 million

RELATIVE VALUES

C
Z
A
10.50

The nominal value of a ton of ore is shown adjacent to the symbols for the deposits, these symbols being subdivided proportionally to the value of each of the metals present

DATA ON METALLIZATION

MINERALIZATIONS OF DEFINED NATURE AND VALUE

METALS

Molybdène	M	Molybdenum
Nickel	N	Nickel
Or et argent	A	Gold and Silver

GANGUE AND ASSOCIATED MINERALS

m — Magnetite

p — Pyrite and pyrrhotite

q — Vein quartz

HOST RELATIONS AND MORPHOLOGY

a b — Structure-bound deposits: (a) veins or dikes; (b) fracture or shear zone

Strata-bound deposits: deposits limited by stratification planes: lensoid masses, beds, etc.

Deposits with indeterminate host relations (irregular deposits)

Favourable horizon

TYPE OF MINERALIZATION

Massive mineralization

Disseminated mineralization

STAGE OF EXPLOITATION

Deposit presently exploited

Deposit exploited in the past

Unexploited deposit

NOTES

1) Concentrations with more than one relation to the host rock are shown by juxtaposing halves of the appropriate symbols. The symbol at left represents a deposit whose relation to the host rock is partly structural, partly indeterminate

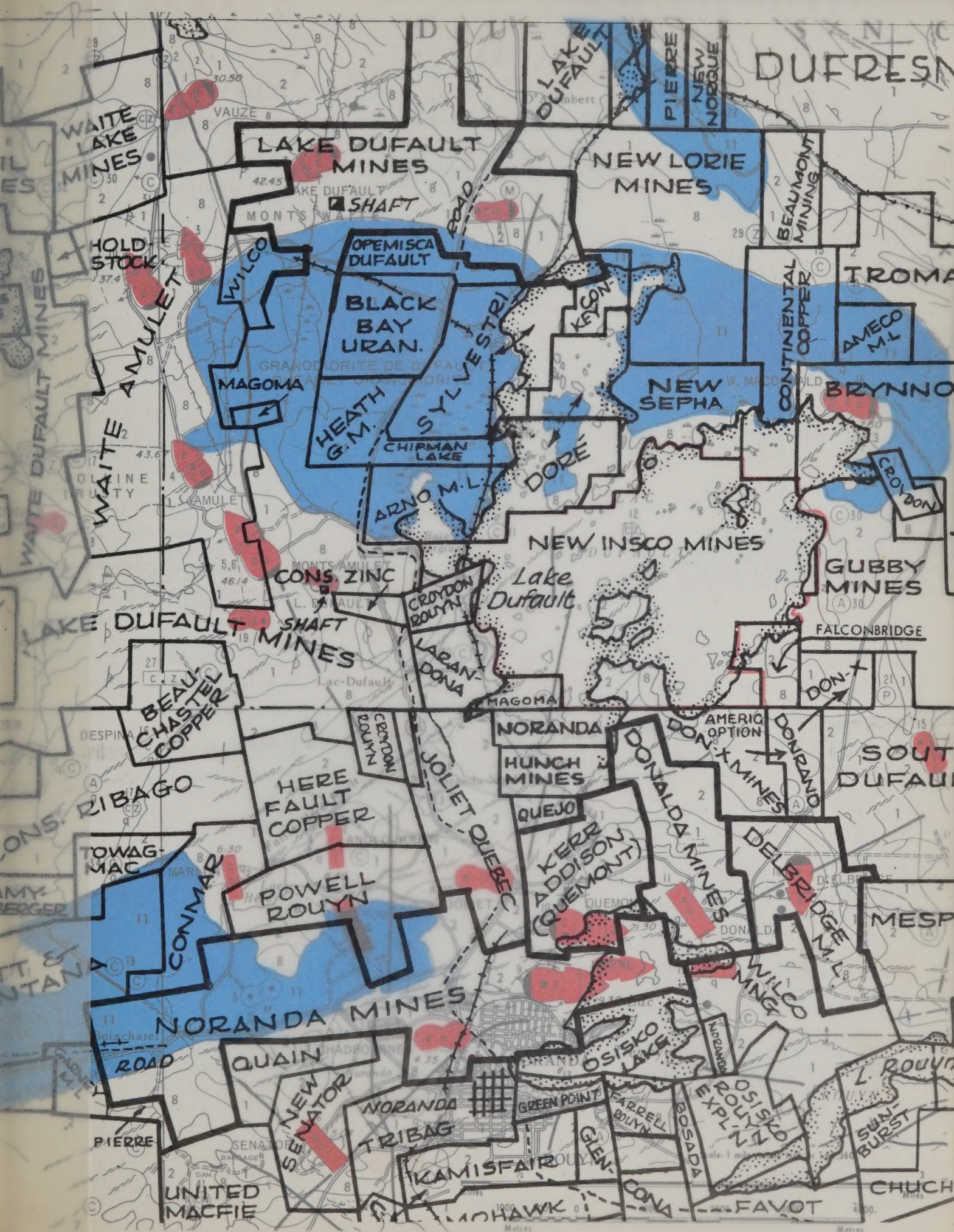
2) The long axis of the symbols is parallel to the strike of the deposits

3) The position of the symbols corresponds to the vertical projection of the deposits; the position corresponding to an up-dip projection of the structures or mineralized contacts would be displaced in the direction shown by the arrow

REFERENCES

46
10

Identification numbers of the deposits are the same as the ones shown on mineralization map No. 1600 which accompanies publication ES-2 (Annoted bibliography of the metallic mineralization in the Noranda, Matagami, Val d'Or and Chibougamau areas)


WAITE LAKE MINES
LAKE DUFAULT MINES
SHAFT
LAKE DUFAULT
PIERRE
NEW NORQUE
DUFRESN
NEW LORIE MINES
BEAUMONT MINING
HOLD-STOCK
WILCO
OPEMISCA DUFAULT
BLACK BAY URAN.
SYLVESTRI
KEYSON
CONTINENTAL COPPER
TROMA
AMECO M.L.
WAITE AMULET
MAGOMA
HEATH G.M.
CHIPMAN LAKE
NEW SEPHA
BRYNNO
DORÉ
CROYDON
ARNO M.L.
NEW INSCO MINES
GUBBY MINES
CONS. ZINC
SHAFT
CROYDON ROUYN
Lake Dufault
LAKE DUFAULT MINES
LARAN-DONA
FALCONBRIDGE
DON-
BEAU-CHASTEL COPPER
MAGOMA
NORANDA
AMERIC OPTION
DONRAND
SOUT DUFAU
CROYDON ROUYN
JOLIET QUEBEC
HUNCH MINES
DON X MINES
DONALDA MINES
HERE FAULT COPPER
QUEJO
KERR ADDISON (QUEMONT)
DELBRIDGE M.L.
TOWAG-MAC
CONMAR
POWELL ROUYN
MESP
WILCO MNG
NORANDA MINES
ROAD
QUAIN
OSISKO LAKE
NORANDA
L. ROUYN
NEW SENATOR
NORANDA
GREEN PT.
FARRELL ROUYN
OSISKO ROUYN EXPL.
SUN-BURST
PIERRE
TRIBAG
GLEN-CONA
BOSADA
KAMISFAIR
UNITED MACFIE
MOHAWK
FAVOT
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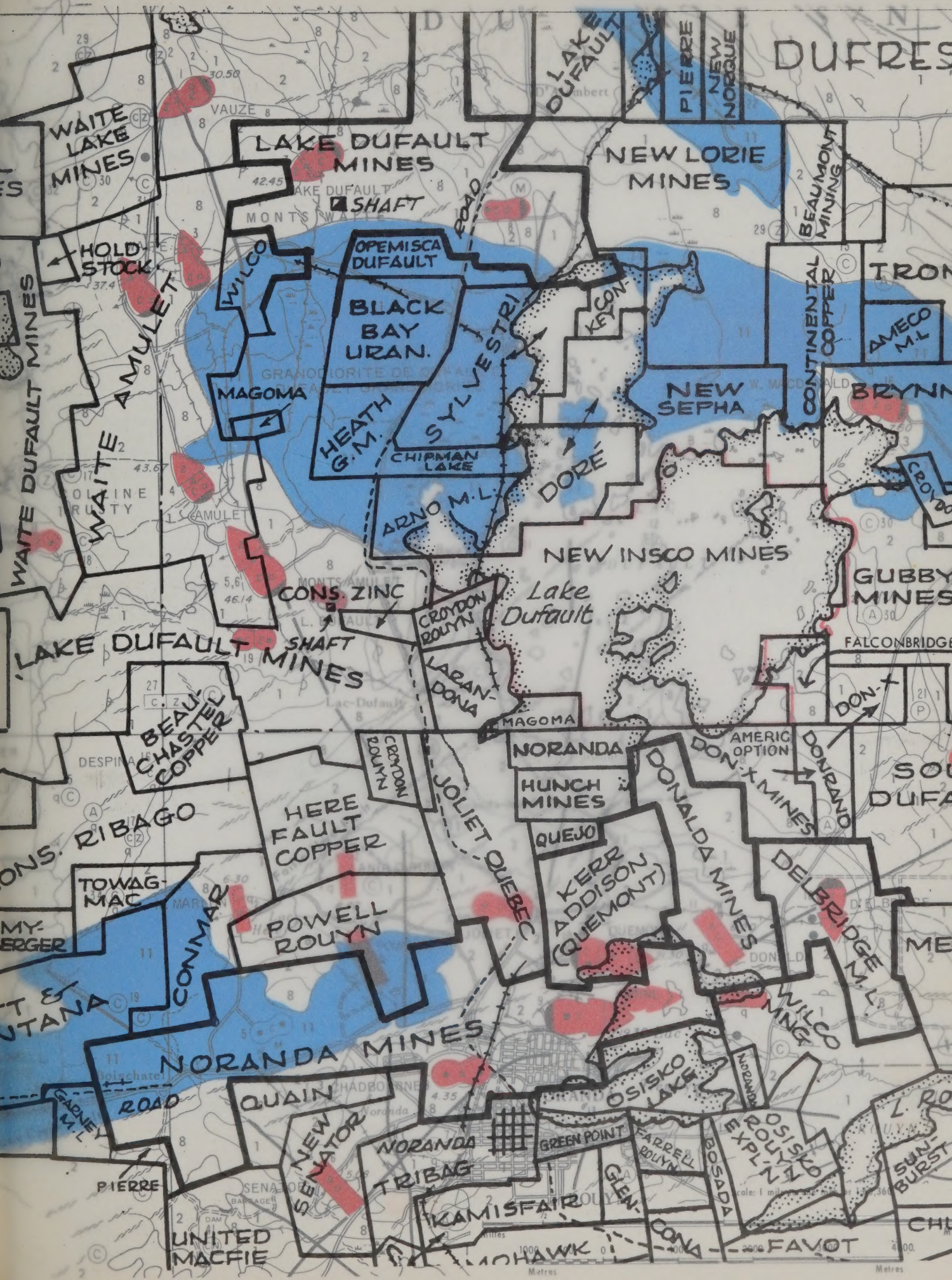
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KEYCON
NEW SEPHA
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SUNBURST
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GADNEY M.L.
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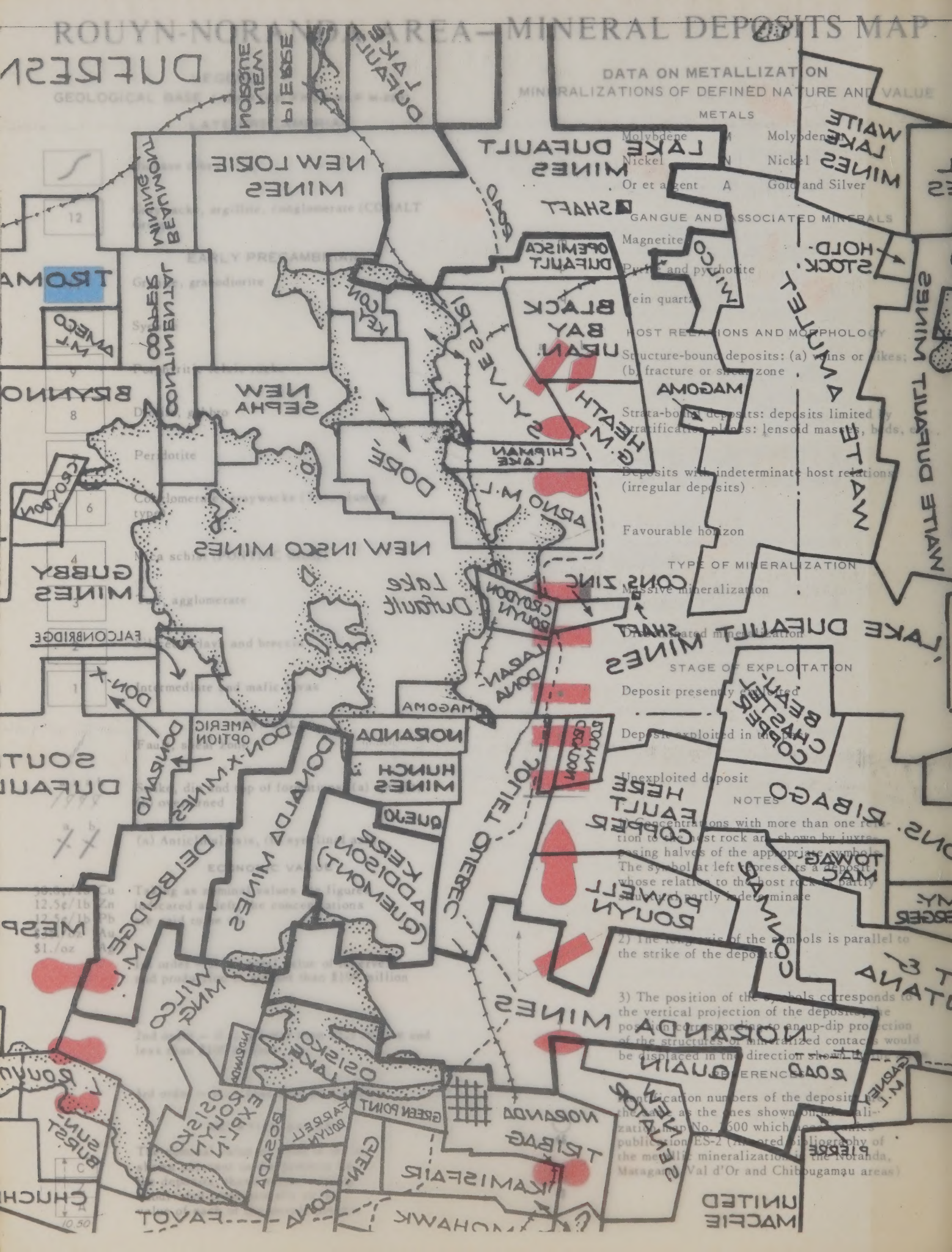
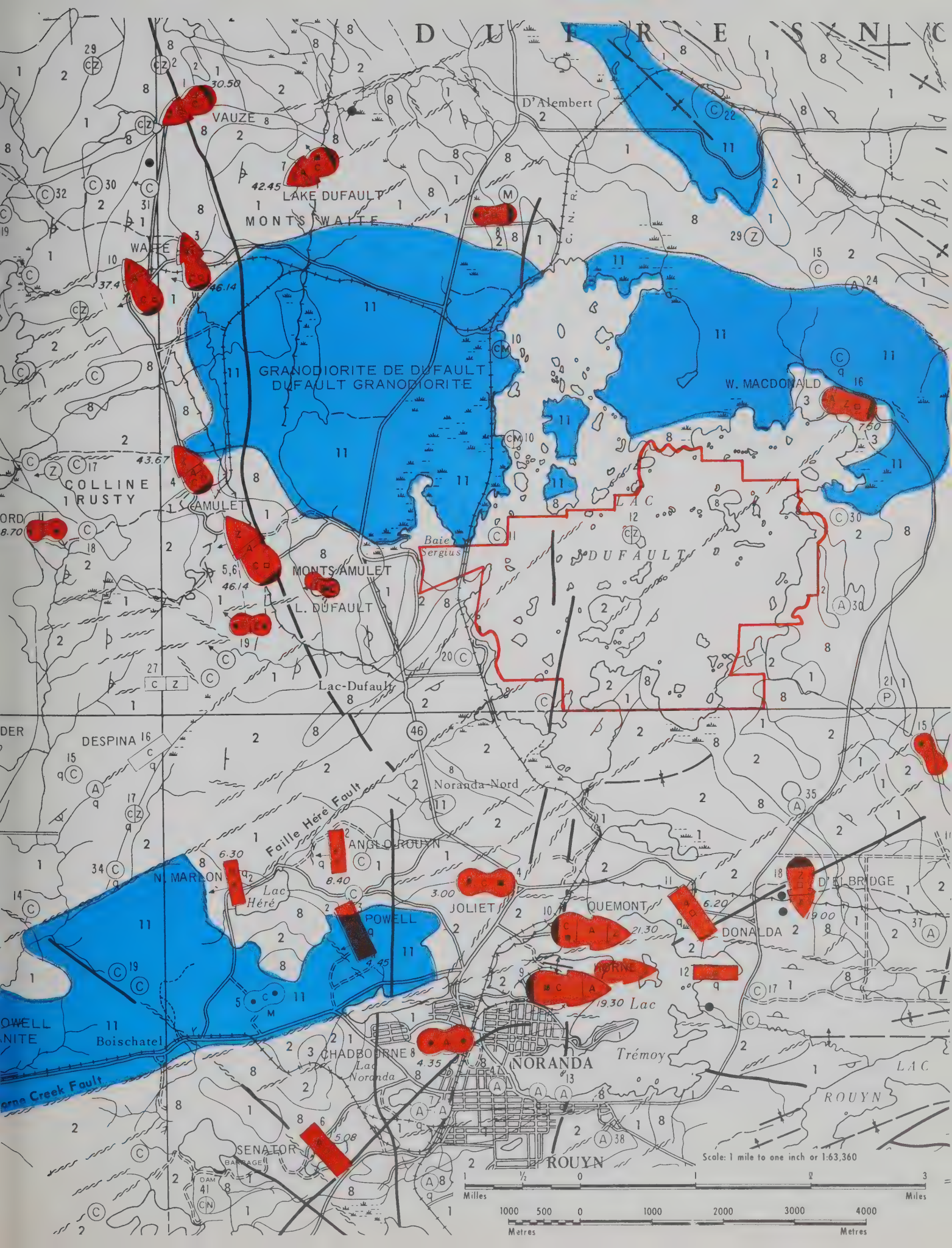
GREEN POINT
FARRELL ROUYN
BOSADA
GLEN-CONA
KAMISFAIR
HOLLINGER
FAVOT
UNITED MACFIE

ROUYN-NORANDA AREA – MINERAL DEPOSITS MAP




D U F R E S N C
VAUZE
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LAKE DUFAULT
42.45
MONTS WAITE
WAITE
37.4
46.14
D'Alembert
C. N. R.
GRANODIORITE DE DUFAULT
DUFAULT GRANODIORITE
W. MACDONALD
750
COLLINE
RUSTY
43.67
AMULET
8.70
MONTS AMULET
5,6
46.14
L. DUFAULT
Baie Sergius
L A C
D U F A U L T
Lac-Dufault
DESPINA
Noranda Nord
Faille Héré Fault
ANGLO ROUYN
6.30
8.40
N. MARLON
Lac Héré
3.00
JOLIET
POWELL
4.45
QUEMONT
21.30
6.20
DONALDA
D'EL BRIDGE
1.00
HORNE
19.30
Lac
Boischatel
CHADBOURNE
4.35
Lac Noranda
NORANDA
Trémoy
L A C
ROUYN
15.08
SENATOR
BARRAGE
DAM
ROUYN
Scale: 1 mile to one inch or 1:63,360
Miles
Miles
1000 500 0 1000 2000 3000 4000
Metres
Metres

NEW INSC

(No Person

BALANCE SHEET AS A

(with comparative figure

ASSETS

	1970	1966
CURRENT ASSET		
Cash	$ 11	506
INVESTMENT, less amount written off	1	1
MINING PROPERTIES AND RELATED EXPENDITURES		
75 mining claims in Dufresnoy Township, Province of Quebec	656,816	656,816
Deferred exploration and development expenditures	617,835	614,402
	1,274,651	1,271,218
OTHER ASSETS		
Fixed assets	2,805	2,805
Incorporation expense, at cost	4,170	4,170
	6,975	6,975
	$ 1,281,638	1,278,700

AUDITOR

To The Shareholders
New Insco Mines Ltd.
(No Personal Liability)

We have examined the balance sheet of New Insco Mines Ltd. (No Personal and development expenditures and source and application of funds for the four procedures and such tests of accounting records and other supporting evidence

In our opinion these financial statements present fairly the financial p and the source and application of its funds for the four years then ended, in consistent with that of the preceding period.

Toronto, Ontario
January 5, 1971

MINES LTD.

Liability)

EPTEMBER 30, 1970

s at September 30, 1966)

LIABILITIES

	1970	1966
CURRENT LIABILITIES		
Accounts payable and accrued	$ 1,648	400
Advances from shareholder	6,690	5,000
	8,338	5,400

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized		
3,000,000 shares, par value $1 each		
Issued		
1,713,500 shares	1,713,500	1,713,500
Discount on shares	440,200	440,200
	1,273,300	1,273,300
	$ 1,281,638	1,278,700

Signed on behalf of the Board:

. . . . . Director.

. . . . . Director.

REPORT

bility) as at September 30, 1970 and the statements of deferred exploration
rs then ended. Our examination included a general review of the accounting
we considered necessary in the circumstances.

tion of the company as at September 30, 1970 and the results of its operations
ordance with generally accepted accounting principles applied on a basis

Riddell, Stead & Co.

Chartered Accountants

NEW INSCO MINES LTD.

(No Personal Liability)

STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

FOR THE FOUR YEARS ENDED SEPTEMBER 30, 1970

	Year Ended September 30,			
	1967	1968	1969	1970
BALANCE AT BEGINNING OF PERIOD	$ 614,402	618,209	622,010	626,470
EXPENDED DURING THE YEAR				
Licences and renewal fees	2,666	2,666	2,666	2,666
Wages	420	420	420	420
Transfer fees	479	491	1,050	848
Insurance	100	100	100	100
Taxes and filing fees	80	60	190	(40)
General expense	35	64	34	191
Building repairs	27	-	-	-
Consulting fees	-	-	-	1,399
	3,807	3,801	4,460	5,584
Less Option payments on mining properties	-	-	-	14,219
	3,807	3,801	4,460	(8,635)
BALANCE AT END OF PERIOD	$ 618,209	622,010	626,470	617,835

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE FOUR YEARS ENDED SEPTEMBER 30, 1970

SOURCE OF FUNDS	$ Nil
APPLICATION OF FUNDS	
Deferred exploration and development expenditures	3,433
DECREASE IN WORKING CAPITAL	3,433
Working capital deficiency at beginning of period	4,894
WORKING CAPITAL DEFICIENCY AT END OF PERIOD	$ 8,327

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Toronto 18, Ontario.